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FOR EAP/MTS; EB/IPE/EAP
COMMERCE PLEASE PASS USPTO FOR JOELLEN URBAN
DEPT PASS TO USTR DKATZ, JGROVES

E.O. 12598: N/A

TAGS: KIPR ETRD WTO ID
SUBJECT: IPR Update: Police Enforcement Campaign Continues

REF: JAKARTA 3531 "Special 301 Submission"

¶1. (SBU) Summary: A Local Motion Picture Association (MPA) representative told us on March 14 that Indonesian police raided their third optical disc (OD) factory in 2006 on March 13 and sealed 12 production lines used to produce pirated ODs. The factory apparently had been in the process of registering with the Ministry of Industry and had recently received source identification codes (SID). In total, the MPA representative told us police have shut down and sealed 26 production lines in 2006, including seven lines on February 9 (Ref) and seven lines at another factory during that same week. End Summary.

¶2. (SBU) A regional International Federation of Phonogram and Videogram Producers (IFPI) representative said the raids are sending a strong signal to other factories. He noted that each line costs roughly a quarter of a million US dollars to purchase second hand, and each has the capacity to produce roughly 100,000 OD's per month (pirate discs sell for roughly 50 cents on average in Indonesia). The MPA representative told us that all three factories are owned by a single individual with reported links to organized crime. According to the MPA representative, the Attorney General's Office seems keen to prosecute the owner of the three raided factories. Police conducted the raids with support from a local recording industry association (Gapurindo) headed by a former three star police general. District Police on March 8 also raided pirate vendors at Ratu Plaza again and seized roughly 100,000 pirated discs.

¶3. (SBU) A USAID funded project assisting the Indonesian Government (GOI) on implementation of OD regulations on March 14 held a well-attended wrap-up workshop that included representatives from most of the known 22 OD factories, local and regional IP industry representatives, and key government agencies. The IFPI regional representative, who participated in the workshop, told us that many OD factories are now refusing to accept masters without SID codes. This has created a short term problem for producers who still possess older legitimate masters that do not contain SID codes. To solve the problem, the Ministry of Industry says it will agree to allow these producers to register their masters (using their existing bar codes) at the Ministry until the end of March and use them to produce ODs until the end of October.

¶4. (SBU) Comment: We are pleased that the police are keeping up recent enforcement efforts, but the ultimate seizure of the 26 lines may be dependent on the successful outcome of a court case brought against the owner. USAID assistance has made significant progress in implementation of the OD regulations. Many registered factories are now

demanding SID Codes on masters, and factories are negotiating a compromise with the GOI to address the issue of older legitimate masters without SIDs. We hope to build on this progress with two EB-funded senior technical advisors who will come on board soon to support the police on IPR enforcement and the Ministry of Industry on OD regulation implementation.

PASCOE